



State of Washington

AFFORDABLE HOUSING ADVISORY BOARD

1011 Plum Street SE - PO Box 42525 - Olympia, Washington 98504-2525 - (360) 725-4000

Faith Pettis
Board Chair

Vacant
Residential Construction Industry

Jim Potter
Residential Construction Industry

Bryan Friend
Mortgage Lending Industry

Vacant
Mortgage Lending Industry

Wanda Coats
Real Estate Sales Profession

Connie Devaney
Apartment Management & Operation Industry

Paul Purcell
For-Profit Housing Development

Kevin Grossman
For-Profit Rental Housing

Tony To
Non-Profit Housing Development

Chris Lowell
Homeless Shelter Operations

Shaw Seaman
Special Needs Populations

Joe Ingram
Low Income Housing

Mike Adolfae
At-Large/General Public

Chris Pegg
Public Housing Authorities

Obie O'Brien
Counties, Eastern WA

Vacant
Counties, Western WA

Vacant
Cities, Eastern WA

Lauren Walker
Cities, Western WA

Jody Becker-Green
Ex-Officio, Dept. of Social & Health Services

Kim Herman
Ex-Officio, Housing Finance Commission

Dan McConnon
Ex-Officio, Dept. of Commerce

BOARD MEETING SUMMARY

Wednesday, February 27, 2013

10:00am to 1:00pm

Washington State Department of Commerce – Olympia, WA

ATTENDANCE

Faith Pettis, Dan McConnon, Kim Herman, Kevin Grossman, Paul Purcell, Chris Lowell, Tony To, Lauren Walker, Shaw Seaman, Bryan Friend, Jim Potter, Joe Ingram and Obie O'Brien.

STAFF

Tedd Kelleher, Janet Masella, Cary Retlin and Cherish Rahikainen.

GUESTS

Brian Bonlender, Director of the Department of Commerce
Nick Federici, Washington Low Income Housing Consultant
Leonard Bauer, Commerce Growth Management Services
Anne Fritz, Commerce Growth Management Services

INTRODUCTIONS AND CONFIRMATION OF AGENDA

Faith Pettis

Faith summarized the agenda.

REPORT FROM THE CHAIR

Faith thanked Board members for attending. Brian Bonlender, newly appointed Director of the Department of Commerce, stopped in to introduce himself to the Board.

Brian looks forward to learning more about the Board, what we do, and hearing new and different ideas on how to create and preserve affordable housing.

Governor Inslee has a particular interest in housing. One of Brian's first tasks on the job was to collaborate with DSHS on a joint briefing paper describing specific initiatives and options for ending homelessness for 27,000 children in Washington.

Board members shared a few ideas and projects happening around the State:

- The need for access to opportunities by building a strong connection between housing and jobs, transportation, environment and education.
- Preserving the affordable housing stock that already exists such as multi-family and single family units by using tax credits to ensure costs stay affordable instead of going to market rate. This positions public/private partnerships to continue to build additional affordable housing units.



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- Three or four counties in Eastern Washington are currently working with Habitat for Humanity who bring in volunteers to rehabilitate and renovate senior homes.

Kevin Grossman also introduced our newest Board member, James Potter, who represents the residential construction industry. Jim has been involved with housing development for many years and also served as president of the Master Builders.

ANNUAL REPORT

Cary presented the final draft of the annual report. Cary will incorporate comments from Board members and circulate for final approval before submission:

- Move 2013 housing agenda to the front
- Add homeless families as a priority
- Make goals easy to identify by formatting in bold font
- Include progress on the Foreclosure Mediation Program
- Add number of units the Housing Trust Fund has provided

HOUSING TRUST FUND COST-EFFECTIVENESS UPDATE

Janet Masella gave an update on the Housing Trust Fund and measures to enhance the cost effectiveness of investments.

Commerce proposes to develop and implement a set of policies and practices to increase emphasis on cost when awarding funds. The nine recommendations are based on input from stakeholders and a review of policies implemented by other state housing trust funds in seven other states. These recommendations will be implemented between now and Fall of 2014:

1. Establish per-unit cost limits based on a cost assessment of comparable projects
2. Require applicants to describe specific measures to reduce project costs and to quantify projected savings
3. Conduct additional research and evaluation of other states' policies and identify best practices for potential implementation
4. Identify potential incentives for cost savings during the project development phase
5. Conduct an inventory and impact analysis of regulatory requirements that contribute to project costs
6. Establish a methodology for factoring long-term operational cost efficiencies into the evaluation of project development costs
7. Develop policies to limit project soft costs
8. Develop construction expertise within the Housing Trust Fund staff
9. Document and monitor per-unit and other project cost data over time

Throughout this process, Commerce heard concerns regarding how it conducts outreach and market research to determine the need for projects that it funds. To address this issue, language has been added to the handbook and application to require all applicants to, at a minimum, reach out to identify existing rental properties within their market area that serve the population.



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Commerce developed a list of potential projects for the 2013-15 biennium for its capital budget request. The list is categorized by population served and consists of 222 projects, totaling \$340 million (\$100 million for special needs populations).

At the November meeting, Board members voted in support of writing a letter to Representative Dunshee expressing concern with the list process and recommending that the Trust Fund return to the former method of funding Housing Trust Fund projects. Due to follow-up conversations with Dunshee, it was decided to hold off on submitting that letter.

The Board agreed to move forward with sending the letter once the legislative session ends in order to maximize public policy and to effectively allocate funds across the State. Faith will convene a group to discuss how to approach this.

NEEDS ASSESSMENT TASK FORCE REPORT

A subcommittee has been making progress. A one-page document was shared with the Board, including a timeline for the project completion:

Approve scope	February 2012
Develop RFQQ	March 2013
Issue RFQQ	April 2013
Funding meetings	April 2013
Contract	June 2013
Report draft	October 2013
Report final	November 2013 (for Legislature's Assembly Days)

Commerce will develop and fund the RFQQ to jump start the project and keep it moving forward.

However, we are still seeking potential funders for this project. Board members will reach out to partners at the Housing Alliance, Puget Sound Regional Council, Gates Foundation, Washington Association of Housing Authorities, Campion Foundation and the Paul G. Allen Foundation once we have an RFQQ out.

Commerce Growth Management staff are also interested in hearing more about this project in order to potentially meet some of their data needs from local governments.

2013 LEGISLATIVE AGENDA

Nick Federici provided an update on the legislative agenda items he is working on:

- Capital funding request for \$175 million to support the Housing Trust Fund;
- Housing Trust Fund administrative bill is moving forward without controversy;
- The Governor's Office has brought together many stakeholders, Commerce and DSHS to discuss and find consensus on TANF and Housing and Essential Needs eligibility and restructure of the program;
- Increase five year limit of TANF program due to significant rise in families seeking shelter;
- \$6 million request for the Washington Families Fund tied to conversations around TANF and Housing and Essential Needs;



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- Alliance continues to work on Fair Tenant non-discrimination act for victims of domestic violence or stalking;
- Surplus property legislation has moved out of House Capital Budget Committee;
- HB 1967 value capture financing dedicates 5% of revenue from bonds to land acquisitions up front then additional 10% to construction, still no agreement;
- SB 5105 Landlord Tenant Act regarding sexual offenders;

Cary will ensure these, as well as the prevailing wage bills, are captured in the legislative executive summary weekly report.

Kim Herman reported that SB 5558/HB 1861 is a WSHFC request which adds ability to make loans for down-payment assistance directly to single-family homebuyers. This enables the WSHFC to implement new programs like the Home Advantage Rebound Program funded by the National Mortgage Settlement grant received last year.

SUBCOMMITTEE REPORTS

Policy Advisory Team (PAT)

The Policy Advisory Team is made up of about 30 stakeholders who represent single-family, multi-family, and special needs populations across the state and advise the Department on housing issues, specifically on the Housing Trust Fund.

The PAT works to build consensus on issues and commitment from affordable housing communities to send consistent messages to legislators.

At the last PAT meeting, a member expressed dissatisfaction with the PAT's recommendation and Commerce's subsequent decision to apply a limit to the amount of funding applicants can request in the upcoming biennium. The limit was increased from \$2.5 million per sponsor per year in 2012 to \$3 million per sponsor per year in 2013.

The Board agreed that AHAB should reach out and engage in this issue by writing a letter asking for clarification from the Communities of Concern on these statements made.

The Board would also like to explore creating a policy advisory group with a broader and deeper scope of housing policy issues, not limited to the Housing Trust Fund and low-income housing. For example, a Growth Management Task Force.

GROWTH MANAGEMENT ACT COMPREHENSIVE PLAN UPDATE

Leonard Bauer, Managing Director and Anne Fritzel, Senior Planner from Commerce's Growth Management Services presented on the Growth Management Act comprehensive plan updates due 2015-2018 as well as updating the 1993 guidance for Housing Elements. Cary has been a part of this staff team.

Housing planning requirements in Washington include:

- Homeless plans for all counties;
- HUD planning for lower income segments in entitlement counties and cities; and
- Growth Management Act planning



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- Population allocation
- Countywide planning policies for affordable housing
- City and county comprehensive plans include housing elements that plan for all economic segments.

They will also incorporate lessons learned with the foreclosure crisis and the benefit of linking housing with jobs and transportation.

Growth Management staff are also interested in making information available and visible to cities and counties to support policy decisions. There is an opportunity to coordinate with AHAB on the needs assessment. However, Board members expressed concern with obtaining neighborhood level data within our range of funding while keeping the study replicable.

COMMERCE UPDATE / HOUSING AND ESSENTIAL NEEDS LEGISLATIVE DISCUSSION AND BOARD POSITION

Faith, Joe, Tony and Bryan drafted two letters of support addressed to Governor Inslee for the Board's review and approval: one for the Housing Trust Fund and one for the Housing and Essential Needs program. Please send comments to Faith by the end of the week.

Governor Inslee's administration has asked Andi Smith to join their policy team. Although she will be missed at Commerce, Dan is delighted that housing and human services will remain in her portfolio. Commerce is currently seeking a candidate to fill her vacancy as the Policy Alignment Advisor for the Vulnerable Families Partnership, funding by the Gates Foundation grant. Please send any recommendations his way.

Commerce and DSHS are working on a plan to address the 27,000 homeless children reported by OSPI, focusing on the 1,500 reported as living on the street and 6,000 in shelters and hotels. The proposal will meet the individual needs of those families by going directly to the shelter or site and evaluating the need for mental health treatment, education and training, job search services, and/or substance abuse services.

Chris Lowell suggested reporting out on this topic at the joint State Advisory Council on Homelessness and Interagency Council on Homelessness meeting in June.

CLOSING REMARKS

Faith provided a few closing remarks:

- Kevin Grossman will remain in his current position as Vice Chair until the Board votes in May.

MEETING ADJOURNED 1:00pm

Future items:

- **Needs assessment**
- **Vote on Vice Chair position**

Next Meeting: **Thursday, May 9, 2013 10:00am to 1:00pm**
Washington State Housing Finance Commission – Seattle, WA